

**STATE ALLOCATION BOARD**

1130 K Street, Suite 400

Sacramento, CA 95814

<http://www.dgs.ca.gov/opsc>

**May 2, 2003**  
**IMPLEMENTATION COMMITTEE**  
**MINUTES**  
CDE Building  
1430 N Street, Board Room  
Sacramento, CA

**Members Present**

Bruce Hancock, SAB  
Lori Morgan, OPSC  
Jim Bush, CDE  
Dave Doomey, CASH  
Gary Gibbs, CBIA  
Stephanie Gonos, CASBO (Alternate for John Palmer)  
Beth Hamby, LAUSD  
Bill Cornelison, ACS  
Alex Parslow (Alternate for Dennis Dunston, CEFPI)  
Sherry Gongaware, SSD (Alternate for Constantine Baranoff)  
Lenin Del Castillo, DOF  
Dave Walrath, SSDA (Afternoon Only - Temporary Alternate for SSDA)  
Gary McGavin, AIA (Alternate for Brian Wiese)

**Members Absent**

Gary Gibbs, CBIA  
Dennis Bellet, DSA  
Jay Hansen, SBCTC

The meeting on May 2, 2003 was called to order at 9:35 a.m.; there were 13 members present and 3 absent. The alternate representatives as noted above were introduced. The minutes from the April 4, 2003 meeting were accepted.

The Chair announced security requirements of the new meeting location at the CDE Building. Attendees must bring picture identification and check in at the security desk. The Committee and audience were reminded to verify the location of the Committee meetings each month, as the location was subject to change due to the room availability.

**COMMUNITY DAY/CONTINUATION HIGH CLASSROOM LOADING AND FUNDING METHODS**

In March 2003, the OPSC released the *Review of the Funding Methods for Continuation High, Community Day and County Community Schools* report on behalf of the Department of General Services. The law also provided that modifications be made to the current method of school facility funding for alternative education schools, as deemed appropriate. Based upon survey results, the analysis of current SFP projects, and input from the Adhoc Committee members and CDE, staff has developed recommendations regarding the appropriate classroom loading and funding methodologies for these alternative education schools as follows:

- Consider changing the classroom loading standards for Alternative Education Schools from 27/25 pupils to 18 pupils.
- Consider developing a new school allowance and small school allowance for these Alternative Education Schools.
- Consider community day, county community, and county community day schools' capital outlay facility needs the same for purposes of State funding.

As a result of input received at the April Committee meeting, the proposal was modified, as appropriate, (see Attachment A) and presented at the May meeting by Carol Shellenberger and Lori Morgan of the OPSC. Listed below are the salient discussion items:

- The surveys, studies, input and analysis which led to the report and this proposal were extensive. The proposal is designed to provide all the adequate facilities needed for the alternate education pupils.
- Consider a "new school" approach on the chart for the additional grant for support facilities for the alternate education schools.
- Consider increasing the support facilities provided for small projects.
- The issue was raised on how to handle additions to existing sites and later additions to schools built under this proposed regulation.

## **COMMUNITY DAY/CONTINUATION HIGH CLASSROOM LOADING AND FUNDING METHODS** (cont.)

- Address whether the additional grant would be a “grant” or will the OPSC review the plans to possibly reduce the apportionment based on the actual square footage built.
- It was suggested that further analysis was needed regarding the cost to build an alternate education facility. The OPSC staff commented on the extensive nature of the analysis completed to date, and that many alternative education SFP projects filed included more than the square footage recommended by the report but still could not meet the 60 percent commensurate review. Those applicants revised their applications to exclude the “new school allowance” in addition to other additional grants, because those allowances under the program had provided too much funding. Additionally, the *Review of the Funding Methods for Continuation High, Community Day and County Community Schools Report* concludes that these alternative education facilities are recommended to include a few number of classrooms to address the educational and support needs of the pupils. The “new school allowance” is designed to provide the “upfront” core facilities, and then future SFP applications are offset by the additional funding provided by the “new school allowance”. The alternate education proposals addresses the additional grants warranted to meet the needs of the pupils.
- Questions were posed regarding the process for revising the SFP baseline eligibility, as of the “snapshot” date, to reflect these alternate education classrooms.

Discussion regarding this issue will return to the June 2003 Implementation Committee meeting.

## **SAB/OPSC PROCESSES FOR LEASE LEASE-BACK PROJECTS**

Over a period of several years, the OPSC has responded to individual school district questions on issues related to the use of the provisions of EC 17406. These responses have begun to form the office’s informal policy on lease lease-back project delivery methods. The responses are summarized below by general topic:

- The District must have title to the site on which the project will be constructed at the time that the apportionment is approved by the SAB.
- The lease agreement must contain the following provisions or information:
  - The value of the lease.
  - A provision that the title to the improvements on the site shall vest with the District upon completion of the project.
  - A provision that the lease agreement shall terminate within 180 days of the filing of a notice of completion or occupancy of the project by the District, whichever occurs first.
- State bond funds may not be used to make lease or rental payments.

It is staff’s intent to present an item to the SAB, as an advisory or possibly proposed regulations. Prior to forming recommendations for the SAB, this Committee item is presented to discuss questions and gather information. Based on input received by the Committee members and knowledgeable audience members, school districts which have used the Lease, Lease-back project delivery method cite the following as reasons for selecting it over the traditional design, bid, build approach:

- Avoid competitive bidding - Many districts consider the competitive bidding process as required under the Public Contracts Code to be problematic. The process leaves them with little control over the selection of the contractor for the project, and places them in financial jeopardy if the contractor selected is unwilling or unable to perform the construction as planned. The L, L-B process allows the district to select the contractor / developer based on criteria other than cost.
- Guaranteed price - The district is able to negotiate a fixed price for the lease and, if necessary, the purchase price of the project. Unanticipated costs are the responsibility of the contractor / developer, not the school district.
- Team approach - Districts have expressed the opinion that L, L-B allows a team approach to the construction of school facilities. The district, developer and contractor all have an interest in a project completed on time and in budget.
- Known contractor - Contractors can be selected on the basis of their record of success, recommendations from previous clients and financial strength.
- No experienced staff at district - Many districts do not have experience with large construction projects. The responsibility for co-ordination of the project, obtaining required approvals, and project scheduling become the contractor/developers, who have demonstrated experience in similar school construction projects.

**SAB/OPSC PROCESSES FOR LEASE-LEASE BACK PROJECTS** (cont.)

- Value engineering opportunities
- Contractors and subcontractors come from other industries; not the same as usually bid on school projects

Many valuable comments and suggestions were exchanged at the Committee meeting. The discussion of this issue will continue at the June 2003 Implementation Committee meeting.

**SAB IMPLEMENTATION COMMITTEE CORRESPONDENCE PROCESS**

This item was postponed for discussion at the June 6, 2003 Committee meeting.

**ADJOURNMENT AND NEXT MEETING**

The meeting adjourned at approximately 3:30 pm. The next Implementation Committee meeting will be on Friday, June 6, 2003 in Room 447 at the State Capitol, Sacramento, CA. Please verify the meeting location.

# ATTACHMENT A

## **New Construction Additional Grant for Support Facilities for Alternate Education Schools** As proposed at the May 2, 2003 Implementation Committee Meeting

The following is an excerpt from the May Committee agenda item:

The allowances in the chart below are based on the High School Pupil allowance for replacement facilities in the Facility Hardship regulations (Section 1859.82). The Multipurpose Facility category has been modified to allow for the option of a gymnasium in lieu of the multipurpose facility; 1,000 square feet from this category has been redirected to create a new category for counseling offices, small group areas and conference rooms; and the minimum square footage is linked to the number of classrooms in the New Construction application.

Add Regulation Section 1859.73.3 as follows:

Facility	Project contains 1 or 2 classrooms	Project contains 3 to 10 classrooms	Project contains 11 or more classrooms
Multipurpose Facility or Gymnasium (includes food service)	Minimum 2,500 sq. ft.	6.3 sq. ft. per pupil minimum 4,000 sq. ft.	6.3 sq. ft. per pupil minimum 7,200 sq. ft.
Toilet	5 sq. ft. per pupil minimum 300 sq. ft.	5 sq. ft. per pupil minimum 300 sq. ft.	5 sq. ft. per pupil minimum 300 sq. ft.
School Administration	1,000 sq. ft. Combined Total	4 sq. ft. per pupil minimum 800 sq. ft.	4 sq. ft. per pupil plus 800 sq. ft.
Counseling offices, small group areas, and/or conference rooms		1,000 sq. ft.	1,000 sq. ft.
Library/Media Space		4.3 sq. ft. per pupil plus 600 sq. ft.	4.3 sq. ft. per pupil plus 600 sq. ft.